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93-253

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

May 18, 1994

IN REPLY REFER TO:

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JUN 17 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Honorable Steve Buyer
U.S. House of Representatives
1419 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Buyer:

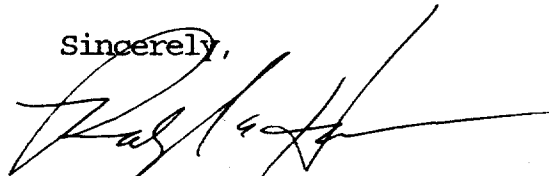
This is in reply to your letter of February 1, 1994, on behalf of your constituent Mr. Alan B. Terrell, President of Rochester Telephone Company. Mr. Terrell is concerned about the rules for auctioning licenses for personal communications services (PCS) under the recently enacted Omnibus Budget Reconciliation Act of 1993 (OBRA). Mr. Terrell also called our attention to a summary of positions filed by several independent telephone companies in the Commission's PP Docket No. 93-253 proceeding to implement the OBRA. Your letter was referred to me as Chief of the Personal Communications Systems Task Force for the Commission.

On March 8, 1994, the Commission adopted a Second Report and Order in Docket No. 93-253. That proceeding established general menu of tools designed to assist those entities, including rural telephone companies, identified by the Congress as requiring special consideration by the Commission (the "designated entities"). I am pleased to note that the Commission has adopted several of the proposals advocated in the position summary.

The Commission, for example, adopted bidding credits and deferred, or installment, payments for use by designated entities, both of which were suggested in the position summary. The Commission also will require full payment of a winning bid within five business days following award of a license, the grant of which will be conditioned on this payment, which is in keeping with the position summary. Moreover, the Commission defined a rural telephone company, for the purposes of this proceeding, as a telephone company having no more than 50,000 access lines, and serving communities with a population of no more than 10,000.

We are confident that the measures we have adopted will help enable rural telephone companies to provide personal communications services to rural customers. We also share your commitment to the provision of equal and universal access of communications services to all Americans no matter where they live.

Sincerely,



Ralph A. Haller
Chief, PCS Task Force

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STEVE BUYER

5TH DISTRICT, INDIANA

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**CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES**

February 1, 1994

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**Ms. Linda Townsend Solheim
Director, Legislative Affairs
Federal Communications Commission
1919 M Street NW Rm 808
Washington, D.C. 20554-0001**

Dear Ms. Solheim:

Enclosed please find a copy of a letter from Alan Terrell, President of Rochester Telephone Company, Inc. He is concerned with the rules for auctioning of PCS spectrum licenses in PP Docket No. 93-253.

I would appreciate it if you could respond to his concerns and send your response to my Washington, DC office to the attention of Scott Linn. If you have any questions, please call.

Best regards,

**Steve Buyer
Member of Congress**

SB:sl

ROCHESTER TELEPHONE COMPANY, INC.

P.O. Box 507, 117 West Eighth Street, Rochester, Indiana 46975

Phone (219) 223-2191

FAX (219) 223-4898

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DEC 29 1993

December 20, 1993

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William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street Northwest
Washington, D.C. 20554

Re: PP Docket No. 93-253

Dear Mr. Caton,

I am writing to express my concern regarding the rules for auctioning of PCS spectrum licenses in the above referenced proceeding.

Several commenters have outlined positions on behalf of small rural companies. We believe the adoption of the positions, summarized in the attachment, will best accomplish the objectives set forth by Congress to ensure the deployment of personal communications services in rural America and allow for the participation of rural telephone companies in the provisioning of these services.

Very truly yours,



Alan B. Terrell
President

xc: Senator Richard G. Lugar
Senator Daniel R. Coats
~~Representative Steve Buyer~~

The Independent PCS Consortium

Position Summary



Summary of Positions of Independent Telephone Companies

- Entities applying to utilize available spectrum as an "intermediate link" between other facilities should only be subject to a competing application by an applicant that proposes to utilize (not resell) the spectrum for a similar purpose.
- Only open oral (including real-time electronic) bidding should be permitted in order to promote an open, fair process.
- Smaller bands of spectrum should be auctioned first. Within each block, areas should be auctioned from least to most population.
- Combined bidding should not be permitted. If permitted, sealed bidders should not be permitted to participate in the oral bidding for the individual licenses.
- Minimum bids may artificially limit participation of potential service providers.
- Full payment from all bidders except "designated entities" (i.e., rural telcos, small businesses, and businesses owned by women and minorities) should be a condition of receiving the license.
- Independents should qualify for a preference based on two factors: as a rural carrier and as a small business. A rural telephone company should be defined as one serving fewer than 50,000 access lines or, alternatively, as one that serves communities with populations less than 10,000.
- Independents should be eligible for designated entity preferences for licenses in all areas, both inside and outside their telephone service areas.
- With regard to PCS, rural telcos should be eligible to bid for the channel blocks set aside for designated entity groups. Rural telcos that lose the bid for the set-aside blocks should be permitted to apply to partition the license area prior to construction by the successful bidder.
- Designated groups should be entitled to certain preferences in bidding for any channel block, including deferred payment of the bid price. Tax credits should be given to any entity that sells spectrum to a designated entity.
- Consortia eligible for preferences must be under the control of individuals and/or entities that are individually eligible for the preference.
- Transfers of licenses from one designated entity to another should not be restricted.